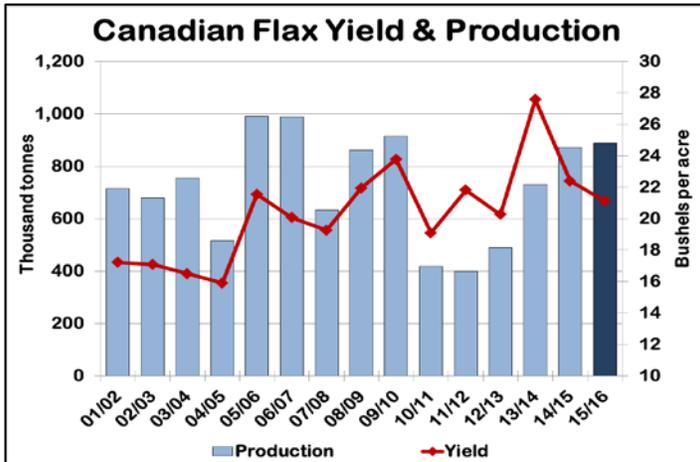
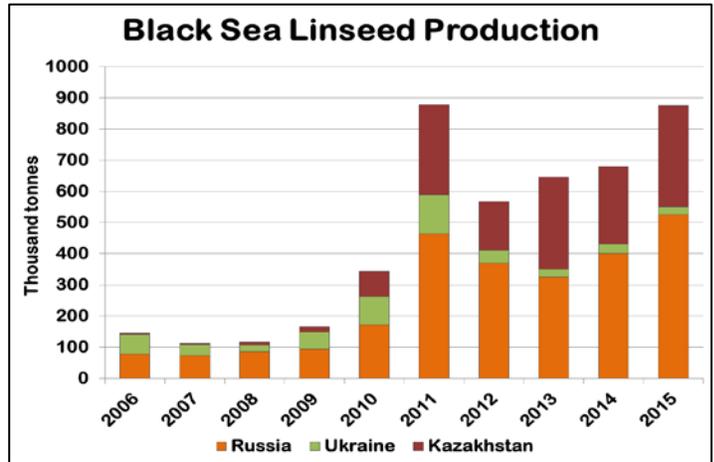


# Flax Market Snapshot

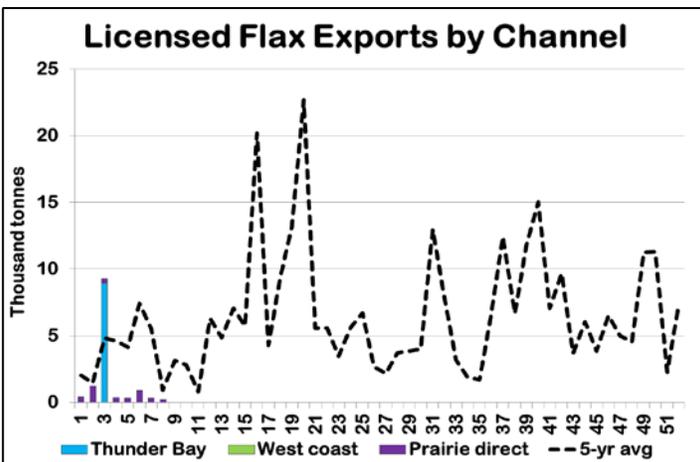
October 7, 2015



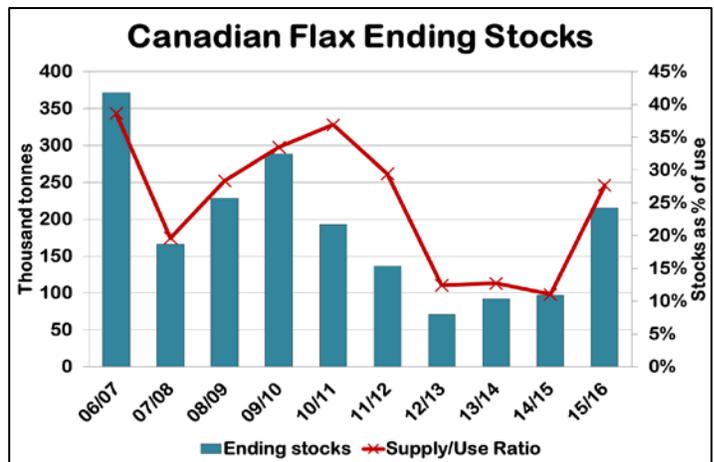
The latest StatsCan 2015 production estimate was 889,000 tonnes, nearly unchanged from the August report and only 15,000 tonnes larger than the 2014 crop. The yield of 21.1 bu/acre was slightly below the 5-year average but subsequent harvest results could push that estimate higher, as later harvest results have been surprisingly positive.



While precise estimates of Black Sea flax production are unavailable, most anecdotal reports suggest larger crops are expected, especially for Russia and Kazakhstan. Despite dryness in Russia, the crop is expected to be in the 500-600,000 tonne range. The Kazakh crop is also expected to be larger, and 2015 harvest progress is better than previous years.

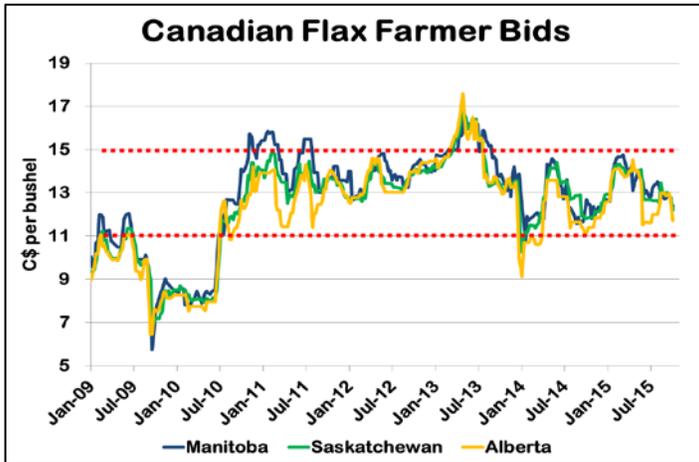


Flax exports are typically quiet to start the marketing year, but volumes have been even lower than normal so far in 2015/16. As of shipping week 8, Thunder Bay exports have been 9,000 tonnes and 4,000 tonnes has gone direct to the US. The peak for shipping normally occurs in November as larger volumes going through Thunder Bay prior to freeze-up.

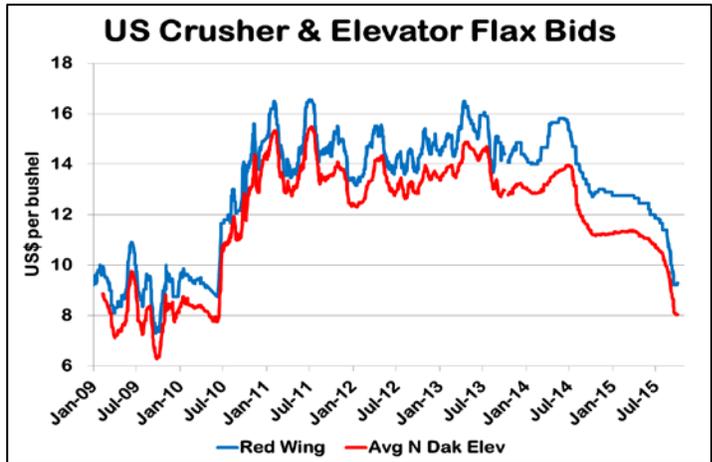


Even though the 2015 Canadian flax crop and opening stocks are similar to last year, 2015/16 ending stocks have the potential to expand. Largely this outlook depends on the forecast for exports, with possibly smaller volumes headed to the US and the EU. China remains the largest buyer and the biggest unknown in the 2015/16 export outlook.

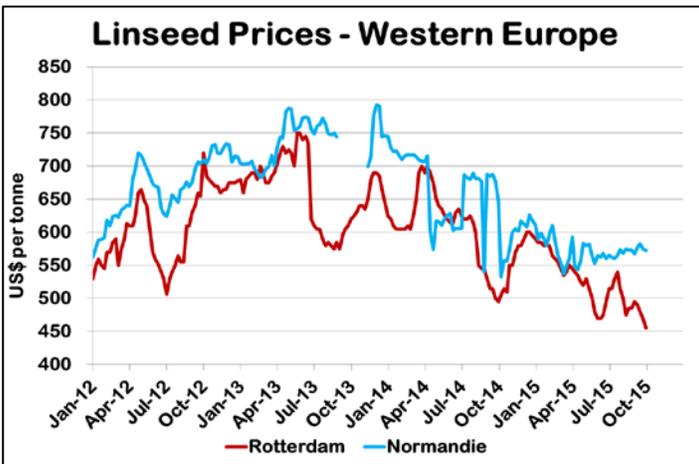
## Flax Market Snapshot - October 7, 2015



Farmer bids in western Canada have transitioned to new-crop levels and are now coming under harvest pressure. This brings bids closer to the low end of the range that's been in place for much of the last five years. Most of the price direction going forward in 2015/16 will depend on the size of export demand, with China as the main variable in the outlook.



While Canadian flax prices have remained fairly constant, partly because of the weaker Canadian dollar, US bids have dropped sharply in response to harvest pressure. Since mid-August, most bids have lost US\$2.00 per bushel, but those declines appear to have stopped, which could suggest the market has found its lows.



Linseed prices in France have remained relatively constant, but values continued to trend lower in the more heavily traded Rotterdam market. There have been some fluctuations due to temporary concerns about seed availability but, since early 2013, the overall trend has been downward. Currently, the availability of Black Sea flax is weighing on the Rotterdam market.

	11/12	12/13	13/14	14/15	15/16
Seeded acres, 000's	740	980	1,070	1,585	1,690
Harvested acres, 000's	720	950	1,043	1,534	1,658
Yield (bu/acre)	21.8	20.3	27.6	22.4	21.1
<b>Supply ('000 tonnes)</b>					
Carry-In	193	137	71	92	<b>97</b>
Production	399	489	731	873	889
Imports	9	15	14	<b>10</b>	<b>10</b>
<b>Total Supply</b>	601	640	815	<b>975</b>	<b>996</b>
<b>Disposition ('000 tonnes)</b>					
Seed	17	18	27	<b>29</b>	<b>24</b>
Other Domestic	57	71	80	<b>118</b>	<b>86</b>
Exports	391	481	616	<b>731</b>	<b>670</b>
<b>Total Disposition</b>	465	569	724	<b>878</b>	<b>780</b>
<b>Ending Stocks</b>	137	71	92	<b>97</b>	<b>216</b>
<b>Stocks/Use</b>	29%	12%	13%	<b>11%</b>	<b>28%</b>

*Source: Statistics Canada with LeftField projections in bold*

Supply projections for 2015/16 are just under the 1.0 million tonne mark, slightly more than last year. If crop estimates increase as expected, supplies could hit their highest level since 2009/10. Currently, the 2015/16 export forecast is lower than last year, which would lead to a buildup in ending stocks, possibly over 200,000 tonnes, the highest since 2009/10.

### The Fine Print

At LeftField, we do our best to provide accurate information in this newsletter but we don't guarantee its accuracy nor accept liability for any errors. This newsletter provides market information and does not offer specific marketing recommendations.